

2/9/6 (Item 1 from file: 545)

DIALOG(R)File 545:Investext(R)

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EXPRESS SCRIPTS : INITIATING COVERAGE
HAMBRECHT & QUIST INCORPORATED
MILLER, K.
NEW YORK (STATE OF)

DATE: January 6, 00

INVESTEXT(tm) REPORT NUMBER: 2039473, PAGE 6 OF 10, TEXT PAGE

This is a(n) COMPANY report.

SECTION HEADINGS:

PBM Industry Overview
Services
Financial Overview

TEXT:

The pharmacy claims data that PBMs collect yields potentially valuable insights on drug utilization patterns, populations at-risk for disease complications, and outcomes research. Such data is crucial to the success of disease management initiatives.

Industry consolidation

In an industry in which scale is vitally important, the three largest PBMs already control close to 50% of the market, but there remain numerous smaller PBMs that would be logical acquisition candidates. Although we won't see pharmaceutical companies acquiring PBMs any longer, other outside acquirers could appear, such as retail drug chains or companies trying to establish online health networks.

Express Scripts ' Services

PBM Services

Express Scripts offers PBM services including retail pharmacy network administration, mail pharmacy services, **benefit plan design** consultation, formulary administration, electronic point-of-sale claims processing, and drug utilization review. Approximately 98% of total revenues and 93% of income are derived from this segment. **Express Scripts** has a network of over 52,000 retail pharmacies (over 99% of all U.S. retail pharmacies), through which the company provides prescription drugs to its members. One of the largest mail pharmacy services in the U.S. (processing nearly 30,000 prescriptions daily), the company operates five mail pharmacy services across the country that provide members access to maintenance medications.

Non-PBM Services

Express Scripts ' non-PBM services include infusion therapy, specialty distribution, and vision care. Non-PBM services contribute about 2% of net revenues and 7% of income.

* Infusion Therapy Services - the **Express Scripts** Infusion Services subsidiary (formerly IVTx, Inc.) offers outpatient infusion therapy services for clients, including managed care organizations, health insurers, and third party administrators.

* Specialty Distribution Services division - works with pharmaceutical manufacturers to distribute pharmaceuticals that require special handling/packaging or products for certain complex diseases.

* Vision Care Services - the company offers a vision benefit to nearly all members. Services are provided by Cole Managed Vision, from which **Express Scripts** receives a fee based on member usage of the vision benefit.

Financial Overview

Profit Model

The company does not provide detailed segment breakouts of revenues and profit, but we estimate the key sources of operating profits are: manufacturer rebates, mail-order pharmacy services, various disease management and non-PBM services, and claims processing fees. It is somewhat artificial to consider these as totally separate business lines since most customers contract for a mix of services.

* Manufacturer rebates - With continued competition and a consolidating client base, more and more rebate dollars will pass through to customers, but we expect rebates to remain an important profit source.

Company: ***EXPRES S SCRIPTS** , INC.;

Ticker Symbol: *ESRX;

Headquarter Geographic Area: MISSOURI (STATE OF); MIDWEST; MIDWESTERN REGION; UNITED STATES OF AMERICA; NORTH AMERICA

Geographic Codes: MO; MWUSA; USA; NORA;

Industry Cross Reference: *HLTHCR; *MISSVC; *WHSLTR; *PHARMS;

SIC Codes: *8000; *5000; *6324;

Subject Descriptors: *SALES BY PRODUCT/SALES BY PRODUCT LINE; *ORDERS AND CONTRACTS; *LINES OF BUSINESS/PRODUCTS; *MARKET SHARE: OTHER

Product Descriptors: *HEALTH CARE SERVICES; *DISTRIBUTION SERVICES; *PHARMACY BENEFIT MANAGERS;

Product Codes: *HLTHCR; *DISTRB; *PHABMA;

Corporate Source Type: BROKER (Financial center investment bank/broker)

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2/9/2 (Item 2 from file: 16)
DIALOG(R)File 16:Gale Group PROMT(R)
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02840297 Supplier Number: 43821519
Express Scripts , Inc. - Company Report
Investext, pl-5
May 5, 1993
Language: English Record Type: Abstract
Document Type: Magazine/Journal; Trade

ABSTRACT:

ALEX. BROWN & SONS, INC. report by Ryan, B.A., et al

Express Scripts is more than just a low-cost dispenser of drugs. The company contains the cost of prescription drugs through sophisticated pharmacy-management techniques: applying drug-utilization review services through an integrated on-line database and **designing** prescription **benefit plans** based on its data analysis capabilities and information systems, to meet the specific needs of the plan sponsor. These two features account for 65% of the average 30% savings in drug benefit costs. In 2H:93, Express will begin bearing the expense of opening the second mail pharmacy in Arizona.

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PUBLISHER NAME: Investext Group

COMPANY NAMES: ***Express Scripts** Inc.

EVENT NAMES: *830 (Sales, profits & dividends)

GEOGRAPHIC NAMES: *1USA (United States)

PRODUCT NAMES: *5961000 (Mail Order Houses)

INDUSTRY NAMES: BANK (Banking, Finance and Accounting); BUSN (Any type of business)

NAICS CODES: 45411 (Electronic Shopping and Mail-Order Houses)

TICKER SYMBOLS: ESRX

SPECIAL FEATURES: LOB; COMPANY

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2/9/8 (Item 1 from file: 765)
DIALOG(R) File 765:Frost & Sullivan
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00163761

PROFILES OF SELECTED COMPANIES: Express Scripts , Inc. (ESI) (3/3)

Main Title: U.S. MAIL SERVICE PHARMACY MARKETS
Pub. Date: February 1994
Source: Frost & Sullivan
Telephone: US (415) 961 - 1000; London 071 730 3438
Word Count: 483 (1 pp.)
Language: English

This comprehensive application of the company's DUR is a significant part of the company's efforts to maximize the accuracy, clinical efficiency, and efficient management of drug utilization. Finally, using its information systems, data analysis capabilities, and practical experience, the company advises and assists its clients in **designing benefit programs** to meet their individual needs.

In addition to these pharmacy benefit management services, the company provides vision care services and home infusion therapy services and supplies to plan participants in selected markets. These services collectively represented 3.9 percent and 5.4 percent of the company's net revenues in 1992, and were substantially all provided to plan participants of clients owned or managed by Sanus Corp. Health Systems.

Express Scripts was originally incorporated in Missouri in 1986, and reincorporated in Delaware in March 1992. NYLIFE HealthCare Management, Inc. owns 72.4 percent of the issued and outstanding shares of the company's stock. NYLIFE is an indirect subsidiary of New York Life Insurance Company, a mutual life insurance company organized and existing under the laws of state of New York. NYLIFE also owns 100 percent of the outstanding stock of Sanus.

ESI's dispensing process is highly automated, using bar-code and scanning technology to direct routing and conveyor controls for orders and computerized dispensers to count the medication. Other than controlled substances, which are only dispensed by pharmacists, medications are counted and placed in containers by pharmacy technicians using the company's automated system. After being counted, the prescription label and any required warning labels are affixed by the pharmacist to the container. Orders are packed and tamper-evident sealed to help protect product integrity. The plan participant will also be sent a copy of a patient education leaflet developed by a medical information company that incorporates the manufacturer's written guidance regarding proper use of the medication and answers common questions that the plan participant may have about the use of the medication.

During 1992, 12.8 percent of the company's net revenues were derived from pharmacy network and claims administration services. **Express Scripts** processed approximately 5.3 million claims, totaling more than \$105 million in 1992.

THIS IS THE FULL-TEXT.
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Country: UNITED STATES
Industry: Packaging
Company Names (DIALOG Generated): **Express Scripts** ; Management Inc ;
New York Life Insurance Company ; Sanus Corp